



# San Diego City Attorney **MICHAEL J. AGUIRRE**

## NEWS RELEASE

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### **WALL STREET WOES WORSEN CITY'S PENSION CRISIS** *Pension Fund Loss Put at \$256 Million through June;* *City Attorney Calls on SDCERS to Reveal Losses Up-to-Date*

**San Diego, CA**—While Wall Street's problems weigh heavily on the minds and pocketbooks of citizens nationwide, San Diegans should be particularly concerned about the dramatic loss suffered by the San Diego City Employees' Retirement System (SDCERS).

In its most recent report to SDCERS, the fund's investment advisor said the "the financial market crisis brought on by problems in subprime mortgages and the weak housing market" had caused substantial losses for the pension fund.

Callan Associates, the investment advisor to SDCERS, reported that as of June 30, 2008 the fund had suffered a yearly loss of \$256 million or 5.2%. The losses reduced the value of the pension fund's assets from \$4.91 billion to \$4.66 billion, and that was before the steep market drop of the past week.

"A prolonged downturn in the overall stock market could dramatically deepen San Diego's pension crisis," said City Attorney Michael Aguirre. We now need an update on what the current losses are and a revised projection of where the massive pension fund deficit is headed."

In 1996 and 2002, the City Council approved pension benefit increases for city employees without providing funding to pay for the increases. These unfunded and illegal obligations are largely to blame for the \$1.2 billion pension fund deficit, which is ultimately the responsibility of the City of San Diego and its taxpayers.

"As city attorney, I remain committed to litigation seeking to overturn these illegal obligations," Aguirre said.

Since 2000, the City of San Diego has had to infuse ever-increasing amounts into its pension system. In 2000, the general fund allocation was \$29.9 million. By 2008 it had risen to \$161.7 million. This has reduced funding for libraries, roads, public safety, and other vital city services.

To view the investment reports, visit [www.sandiegocityattorney.org](http://www.sandiegocityattorney.org), click Significant Reports and Legal Documents.

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